

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 645 - HB 1728

April 2, 2009

SUMMARY OF BILL: Requires the Commissioner of Finance and Administration to implement an Express Lane option which authorizes CoverKids and TennCare to rely upon eligibility information collected from other application processes established by the state to determine, in part, qualification for enrollment.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$1,115,750/FY09-10
\$80,850/FY10-11
\$27,500/Recurring**

**Increase Federal Expenditures - \$1,215,750/FY09-10
\$80,850/FY10-11
\$79,000/Recurring**

Assumptions:

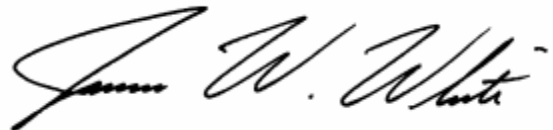
- The Department of Human Services is responsible for all eligibility determinations for the TennCare. The ACCENT program will be changed to create a new interface with CoverKids. DHS estimates a one-time increase in expenditures of \$808,500 for 12,250 hours of analysis, design, programming, and testing at a rate of \$66 per hour. DHS also estimates expenditures of \$161,700 for 2,450 hours of annual maintenance.
- The annual maintenance will only be required through the life of the system. DHS is currently in the process of constructing the VIP system which will take the place of the ACCENT program. The VIP system is at least a year away from implementation. It is assumed that the \$161,700 in annual maintenance for the ACCENT program will only be needed in FY10-11.
- The Department estimates a one-time increase in expenditures of \$1,323,000 approximately 12,250 hours to analyze, design, construct, and test the new functionality of the VIP system to interface with CoverKids at a rate of \$108 per hour.

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- The \$2,131,500 in systems changes will receive an administrative 50 percent match resulting in \$1,065,750 in one-time state funds and \$1,065,750 in one-time federal funds. The FY10-11 state funds will be \$80,850 and the federal funds will be \$80,850.
- The Department also estimates that approximately 4,800 additional hours of man-hours to manually enter approximately 20,000 Head Start applications each year. The average pay for an Eligibility Counselor is approximately \$22.19 per hour resulting in an increase in expenditures of \$106,512. These funds will be interdepartmental through TennCare resulting in \$27,546 in state funds at a rate of 25.862 percent and \$78,966 in federal funds at a match rate of 74.138 percent.
- According to the Department of Finance and Administration, the state is under contract with Policy Studies, Inc. for eligibility determination, records and enrollment reporting for the CoverKids program. The Department estimates a one-time increase in expenditures of \$200,000 to adjust the core components of the integrated eligibility system.
- The CoverKids program receives an approximate 75 percent federal match rate. Of the \$200,000, \$50,000 will be state funds and \$150,000 will be federal funds.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/kml